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Hertz NEWS

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From Vans to 18-Wheelers . . .

TRUCK COSTS SOAR 20% IN 1980; RISE TOTALS 162% SINCE 1972, HERTZ SAYS

Typical truck ownership and operating costs soared some 20% in 1980, bringing total increases in commercial vehicle expenses to more than 160% since 1972, The Hertz Corporation reported today in its yearly estimate of truck outlays.

"The new figures indicate truck operators buying the giant new tractor-trailer combinations can expect to spend nearly $465,000 to run these units a typical 100,000 annual miles over the next five years of their normal use life," according to Joseph N. Evangelist, vice president in charge of Hertz truck renting and leasing.

He said that because of the key distribution role trucks play in the nation's economy, their continuing, above-inflation expense increases can have a "ripple" effect on prices consumers pay for all goods and services.

The latest cost rise puts the advance in typical truck fleet per-mile outlays since the Arab oil embargo at almost double the 88% surge in the country's overall living costs in the same eight-year 1972-80 period, the lease-rental company's report points out.

The 1979 and '78 rises each were 15%, the Hertz data shows, while 1977's advance was 11%, the '76 surge was 6.2%, 1975's climb was just 4%, and 1974 and 1973 boosts amounted to 25% and 7%.

The Hertz surveys each year have listed ownership and running expenses for a typical 16-foot city-suburban pick-up-and-delivery unit and for an 18-wheel over-the-road tractor-trailer combination unit. For the past two years, with the trend to "van pool" commutation, costs for these smaller "mini-buses" have been added.

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The 1980 Hertz study reflects higher expenses in every truck cost category, with fuel and interest expenses both jumping as much as 36% and truck purchase prices themselves between 6-18% higher.

## The $362,250 Truck

For a typical over-the-road 55-65 foot, five-axle diesel tractor-trailer, average per-mile costs over a five-year, half-million mile use-life reached almost 72½¢ in 1980, compared with about 60¢ in 1979 and with under 28¢ in 1972, a 21% rise for the past year. (Table A.2)

"Even if expenses should stay at present levels, these figures mean a typical tractor-trailer will cost some $362,250 to run for the next five years -- and this excludes driver compensation and fringe benefits which could add close to $200,000 extra," Mr. Evangelist said.

If prices continue to rise in the future as they have in the past, the outlays by 1985 will total $464,170, the projections indicate. (Table C.)

The Hertz study shows that truck costs vary substantially as unit mileage totals advance, with 1980 tractor-trailer expenses ranging from less than 65¢ per mile during the first year's initial 100,000-miles to more than 78¢ in the fifth 100,000-mile use period, even assuming constant prices with no further inflation. (Table B.)

But if inflation boosts prices between now and 1985 at the same rate it did in past years, fifth-year outlays then will be more than $1.33 a mile. For example, first-year upkeep costs in 1976 were just 2.45¢ a mile, but fifth year maintenance in 1980 was 15.5¢, some 533% higher. (Table C.)

However, the company said, most small fleet operators replace some units each year, so inflation masks the high-mileage cost increases.

As another example, the study shows, while first-year expenses for a tractor-trailer purchased in 1980 came to that 65¢ per mile figure, fifth-year 1980 expenses for a combination acquired in 1976 were only 69¢ a mile, because of the lower purchase price of the rig five years ago. (Table D.) The lower purchase price offsets a 311% rise in upkeep costs for units between their first and fifth years.

Truck & Van Data

The Hertz study shows that the cost of operating an 18-foot gasoline powered "straight truck" 15,000 miles a year in typical city-suburban pickup-and-delivery service came to almost $1.06 a mile in 1980, against 88.6¢ in 1979, a 19% advance. (Table A.1.)

For 15-passenger vans, typical of units used in commuter pools, the study estimated costs for 13,270-mile-per-year commutation for both four- and 7½-year ownership periods and also listed comparative per-mile and per-passenger-mile cost estimates for station wagons and sedans.

In four-year use, the per-mile van cost was about 61½¢ at 13,270 miles a year, a typical annual "van pool" commuting distance. This compares with 38.8¢ a mile for a station wagon in the same circumstances and with just over 31¢ for a 1980 compact sedan. (Table E.)

(This is the same typical compact which cost 39.8¢ a mile to run 10,000 miles a year for three years at 1980 prices. By travelling more miles, per-mile expense drops, but overall annual dollar outlays increase.)

The lease-rental firm's data shows that per-passenger mile costs for the compact, assuming four occupants, would be 7.7¢ a mile at the 13,270-mile-a-year rate, while the per-rider van-pool commuter costs would be about half that figure, or 4.1¢ a mile, for each of the 15 van occupants.

Hertz has issued vehicle cost studies since 1973 to provide car and truck operators with a benchmark to measure their own expenses. But the company emphasizes that a wide variety of circumstances can materially change costs for any individual unit, and for similar units in different use by different people in different sections of the country.

The company says annual percentage rises should provide guidelines against which operators can measure their own expense increases. Also, vehicle specifications have varied slightly over the years for straight trucks, and a major change from higher-performance to "fuel saver" power-units was made on the big tractors to conform with truck industry shifts to these units in the mid-1970s.

A Hertz coast-to-coast "Economy Run" for these 18-wheelers showed fuel savings of about 17% with the "de-rated" units as oppsed to comparable units equipped with high-performance components.

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Purchase Prices As of 10/80

## TRUCK COST ANALYSIS SUMMARIES

### Section A.1 INFLATIONARY AND/OR PRODUCT-IMPROVEMENT INCREASES ALONE FOR 1968 TO 1980

(Averages of Costs in 1st, 2nd, 3rd, 4th & 5th Years of Use in Each Separate Category by Years

| | | | | | | | | | | | | PERCENT CHANGES | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Consumer Price Index | 104.2 | 116.3 | 121.1 | 125.3 | 133.1 | 147.7 | 161.2 | 170.5 | 181.5 | 195.3 | 217.2 | 236.1 | 1970-80 +103% | 1979-80 +8.7% |
| **18-FOOT STRAIGHT TRUCK FLEETS** | | | | | | | | | | | | | | |
| Vehicle Purchase Price | $6452 | $7404 | $7523 | $7644 | $8221 | $10323 | $10373 | $11148 | $12486 | $14762 | $16106 | $19029 | 157% | 18.1% |
| Cost & Purchase Year | 1968 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | | |
| Depreciation | .0781 | .0897 | .0912 | .0927 | .0997 | .1252 | .1261 | .1355 | .1518 | .1793 | .1959 | .2296 | 156% | 17.2% |
| Interest | .0169 | .0201 | .0221 | .0241 | .0297 | .0429 | .0375 | .0402 | .0495 | .0599 | .0786 | .1165 | 480 | 48.2% |
| License, Taxes | .0044 | .0050 | .0053 | .0053 | .0057 | .0061 | .0067 | .0068 | .0069 | .0111 | .0122 | .0131 | 138 | 7.7% |
| Insurance | .0363 | .0415 | .0419 | .0435 | .0451 | .0498 | .0576 | .0720 | .0905 | .1137 | .1277 | .1479 | 256 | 15.8% |
| Garaging | .0328 | .0375 | .0391 | .0415 | .0451 | .0500 | .0530 | .0560 | .0596 | .0642 | .0697 | .0747 | 99 | 7.2% |
| Administrative | .0427 | .0489 | .0510 | .0534 | .0565 | .0625 | .0657 | .0703 | .0776 | .0847 | .0925 | .0968 | 98 | 4.7% |
| Fixed Costs Sub-Tot. | .2112 | .2428 | .2507 | .2608 | .2822 | .3372 | .3466 | .3808 | .4359 | .5129 | .5766 | .6786 | 179 | 17.7% |
| Maintenance | .0421 | .0471 | .0475 | .0480 | .0499 | .0541 | .0570 | .0598 | .0658 | .0748 | .0813 | .0899 | 91 | 10.6 |
| Washes, Repaint | .0100 | .0111 | .0112 | .0113 | .0117 | .0127 | .0130 | .0133 | .0146 | .0161 | .0176 | .0190 | 71 | 8.0 |
| Tires, Tubes | .0117 | .0141 | .0143 | .0144 | .0150 | .0173 | .0182 | .0191 | .0204 | .0216 | .0236 | .0268 | 90 | 13.8 |
| Oil, Grease | .0024 | .0027 | .0027 | .0028 | .0031 | .0053 | .0055 | .0057 | .0068 | .0073 | .0088 | .0106 | 291 | 20.0 |
| Fuel | .0495 | .0566 | .0583 | .0605 | .0691 | .1037 | .1085 | .1132 | .1189 | .1328 | .1779 | .2315 | 309 | 30.1% |
| Variable Sub-Total | .1157 | .1315 | .1340 | .1370 | .1487 | .1931 | .2022 | .2111 | .2265 | .2526 | .3092 | .3778 | 187 | 22.2% |
| FIXED AND VARIABLE | | | | | | | | | | | | | | |
| Annual ¢ Per Mile | .3269 | .3743 | .3847 | .3978 | .4309 | .5303 | .5488 | .5919 | .6624 | .7655 | .8858 | $1.0564 | 182% | 19.3% |
| Annual $ Costs | $4,904 | $5,615 | $5,771 | $5,967 | $6,464 | $7,955 | $8,232 | $8,878 | $9,936 | $11,483 | $13,287 | $15,846 | | |
| 5-Year $ Costs | $24,518 | $28,073 | $28,853 | $29,835 | $32,318 | $39,773 | $41,160 | $44,390 | $49,680 | $57,413 | $66,435 | $79,230 | | |

(See Section A.2 next page for tractor-trailer combination costs and for footnotes applicable to these first pages.)

NOTE: Purchase prices are based on list costs effective October of each year; figures in other categories may reflect data as much as seven months earlier, producing un-even year-to-year percentage rises.

Both trucks and the tractor-trailer combination this year (1980) reflect equipment changes which Hertz has incorporated into its specifications over the years since the studies have been conducted.

TRUCK COST ANALYSIS SUMMARIES

Section A.2 INFLATIONARY AND/OR PRODUCT IMPROVEMENT INCREASES ALONE FOR 1968 to 1980

(Averages of costs in 1st, 2nd, 3rd, 4th & 5th Years of Use in Each Separate Category by Years)

TRACTOR-TRAILER FLEETS

5-Year Average Costs @ 100M Miles A Year

| | | | | | | | | | | | | | PERCENTAGE INCREASES 1970-80 | 1979-80 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vehicle Purchase Price* | $30870 | $34115 | $34480 | $34039 | $36973 | $45392 | $52217 | $52030 | $56511 | $69679 | $78857 | $87089 | 155% | 10.4% |
| Cost & Purchase Year | 1968 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | | |
| Depreciation | .0513 | .0567 | .0573 | .0566 | .0615 | .0738 | .0853 | .0847 | .0922 | .1129 | .1273 | .1437 | 154% | 13.0% |
| Interest | .0113 | .0140 | .0152 | .0161 | .0200 | .0283 | .0283 | .0282 | .0336 | .0425 | .0556 | .0800 | 471% | 43.8% |
| License, Tax, Permits | .0105 | .0120 | .0120 | .0120 | .0120 | .0120 | .0121 | .0121 | .0123 | .0140 | .0144 | .0148 | 23% | 2.9% |
| Insurance | .0145 | .0160 | .0161 | .0163 | .0164 | .0167 | .0168 | .0238 | .0382 | .0493 | .0619 | .0707 | 342% | 12.4% |
| Garaging | .0033 | .0038 | .0039 | .0041 | .0045 | .0050 | .0053 | .0056 | .0060 | .0064 | .0069 | .0074 | 94% | 7.0% |
| Administrative | .0125 | .0147 | .0153 | .0160 | .0170 | .0188 | .0199 | .0219 | .0242 | .0265 | .0286 | .0299 | 103% | 4.5% |
| Fixed Costs Sub-Tot. | .1034 | .1170 | .1199 | .1210 | .1313 | .1545 | .1677 | .1763 | .2065 | .2518 | .2947 | .3465 | 196% | 17.6% |
| Maintenance | .0519 | .0570 | .0576 | .0582 | .0605 | .0657 | .0689 | .0723 | .0745 | .0849 | .0926 | .1003 | 76% | 8.3 |
| Washes, Repaint | .0029 | .0031 | .0031 | .0031 | .0033 | .0036 | .0038 | .0040 | .0044 | .0046 | .0050 | .0054 | 73% | 7.5 |
| Tires, Tubes | .0200 | .0212 | .0216 | .0221 | .0234 | .0253 | .0265 | .0278 | .0298 | .0315 | .0341 | .0377 | 78% | 10.5 |
| Oil, Grease | .0018 | .0019 | .0020 | .0020 | .0022 | .0040 | .0042 | .0044 | .0053 | .0057 | .0070 | .0084 | 342% | 20.0 |
| Fuel | .0597 | .0663 | .0696 | .0729 | .0796 | .1225 | .1250 | .1289 | .1378 | .1513 | .1664 | .2262 | 241% | 35.9 |
| Variable Sub-Total | .1363 | .1495 | .1540 | .1584 | .1689 | .2210 | .2284 | .2374 | .2518 | .2780 | .3051 | .3780 | 153% | 23.9% |
| FIXED AND VARIABLE | | | | | | | | | | | | | | |
| Annual ¢ Per Mile | .2397 | .2665 | .2738 | .2794 | .3003 | .3755 | .3961 | .4137 | .4583 | .5296 | .5998 | .7245 | 172% | 20.8% |
| Annual $ Costs | $23,970 | $26,650 | $27,381 | $27,939 | $30,030 | $37,550 | $39,610 | $41,370 | $45,830 | $52,960 | $59,980 | $72,450 | | |
| 5-Year $ Costs | $119,850 | 133,250 | 139,905 | $139,695 | $150,150 | $187,750 | $198,050 | $206,850 | $229,150 | $264,800 | $299,900 | $362,250 | | |

NOTE: Figures in this Section (A) reflect Hertz estimates of the average per-mile costs for trucks over their assumed five-year life in each of the calendar years listed (1968-80), for each separate cost category. These totals, therefore, do not reflect 'real time' expenditures. They are presented in this manner to illustrate annual inflationary (or product change) increases, by cost category.

For example, the 45.83¢ per-mile average for a T-T in 1977 would NOT reflect 'real time' cost of any unit of any age that year. Some fixed costs would be accurate for that year, as would Fuel and Oil and Grease, because costs in these categories do not vary by vehicle age or mileage, only as a result of inflation or other pricing changes. For Maintenance, Wash & Repaint and Tires & Tubes, however, costs do change according to vehicle age and mileage, as well as according to inflation. These categories reflect the averages of 1st, 2nd, 3rd, 4th and 5th use-year costs. Thus, a new (1st year) 1977 T-T would have lower Maintenance, Wash & Repaint and Tires & Tubes costs, and therefore, over-all first-year costs would be lower. Conversely, the T-T's fifth-year costs in 1977 would be higher, over-all, than the 45.83¢ average, because the Maintenance, Wash & Repaint and Tires & Tubes categories have higher fifth-year costs.

In short, Costs in this Section (A) reflect only the inflationary and product change increases. They do not reflect age-mileage increases; these are shown in Section (B). The combined 'real time' figures, which reflect both inflation and age, are in Section (C). *As of 10/80 See data at end.

## Section B. AGE-MILEAGE COST INCREASES ALONE
(excluding inflationary & product improvement increases)

| Vehicle Use Year (Veh. Age) / Cost & Purchase Year | 1st 1976 | 2nd 1976 | 3rd 1976 | 4th 1976 | 5th 1976 | Five-Year Total | Five-Year Average | Pct. Changes Yr. 1-4 | Pct. Changes Yr. 1-5 |
|---|---|---|---|---|---|---|---|---|---|
| Truck Cents Per Mile Costs | .5503¢ | .5936 | .5910 | .6497 | .5478 | $43988 | 5865¢ $8797 | +18.1% | |
| Tractor-Trailer ¢ Per Mile | .3548¢ | .3868 | .4453 | .4233 | .4580 | $206850 | 4137¢ $41370 | | +29.1% |
| Cost & Purchase Year 1980 | | | | | | | | +14.9% | |
| Truck Cents Per Mile Costs | (SEE BREAKOUT BELOW) | | | | | | | | +20.5% |
| Tractor-Trailer ¢ Per Mile | | | | | | | | | |
| Cost & Purchase Year (Projected) | 1985 | 1985 | 1985 | 1985 | 1985 | | $1.8854 | +11.8% | |
| Truck Cost Per Mile | $1.7998 | 1.8889 | 1.8801 | 2.0116 | 1.9389 | $141405 | $28281 | | |
| Tractor-Trailer Per Mile | $1.1795 | 1.2352 | 1.3159 | 1.2832 | 1.3345 | $634850 | 1.2697 $126970 | | +13.1% |

### BREAKOUTS OF 1980 FIRST-YEAR TO FIFTH-YEAR OPERATING COSTS

| Truck @ 15,000 Miles A Year 1st 1980 | 2nd 1980 | 3rd 1980 | 4th 1980 | 5th 1980 | 5-Year Average | Vehicle Use Year (Age) / Cost Purchase Year | TRACTOR-TRAILER @ 100,000 Miles A Year 1st 1980 | 2nd 1980 | 3rd 1980 | 4th 1980 | 5th 1980 | 5-Year Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| .2296 | .2296 | .2296 | .2296 | .2296 | .2296¢ | Depreciation | .1437 | .1437 | .1437 | .1437 | .1437 | .1437 |
| .1165 | .1165 | .1165 | .1165 | .1165 | .1165 | Interest | .0800 | .0800 | .0800 | .0800 | .0800 | .0800 |
| .0131 | .0131 | .0131 | .0131 | .0131 | .0131 | Licenses, Taxes | .0148 | .0148 | .0148 | .0148 | .0148 | .0148 |
| .1479 | .1479 | .1479 | .1479 | .1479 | .1479 | Insurance | .0707 | .0707 | .0707 | .0707 | .0707 | .0707 |
| .0747 | .0747 | .0747 | .0747 | .0747 | .0747 | Garaging | .0074 | .0074 | .0074 | .0074 | .0074 | .0074 |
| .0968 | .0968 | .0968 | .0968 | .0968 | .0968 | Administrative | .0299 | .0299 | .0299 | .0299 | .0299 | .0299 |
| .6786 | .6786 | .6786 | .6786 | .6786 | .6786 | Fixed Cost Sub.-Total | .3465 | .3465 | .3465 | .3465 | .3465 | .3465 |
| .0437 | .0929 | .0712 | .1771 | .0646 | .0899 | Maintenance | .0377 | .0643 | .1344 | .1101 | .1550 | .1003 |
| .0156 | .0156 | .0325 | .0156 | .0156 | .0190 | Washes, Repainting | .0045 | .0045 | .0088 | .0045 | .0045 | .0054 |
| .0152 | .0297 | .0297 | .0297 | .0297 | .0268 | Tires, Tubes | .0235 | .0412 | .0412 | .0412 | .0412 | .0377 |
| .0106 | .0106 | .0106 | .0106 | .0106 | .0106 | Grease, Oil | .0084 | .0084 | .0084 | .0084 | .0084 | .0084 |
| .2315 | .2315 | .2315 | .2315 | .2315 | .2315 | Fuel | .2262 | .2262 | .2262 | .2262 | .2262 | .2262 |
| .3166 | .3803 | .3755 | .4646 | .3520 | .3778 | Variable Cost Sub-Tot | .3004 | .3447 | .4190 | .3905 | .4353 | .3780 |
| | | | | | | FIXED & VARIABLE TOTAL | | | | | | |
| .9952¢ | 1.0589 | 1.0541 | 1.1432 | 1.0306 | $1.0564 | Cost Per Mile | .6469¢ | .6912 | .7655 | .7370 | .7818 | .7245 |
| | | | | | $15846 | Dollars Per Year | | | | | | $72450 |
| | | | | | $79230 | 5-Year Dollar Total | | | | | | $362250 |

NOTE: Figures here in Sec. B reflect 1980 operating expenses for trucks in their 1st, 2nd, 3rd, 4th & 5th years of service and the five-year per-mile averages. In the main breakout reflecting 1980 costs, at bottom, averages correspond to 1980 figures in Section A. Note, again, though, that figures in the '80 breakout are correct only for the individual categories of costs in 1980. For example, 1st year depreciation and interest are correct, since they reflect the '80 purchase price, but the 5th year depreciation and interest are not, since an actual 5-year old truck would have been purchased in 1976, not in 1980. For "real-time" costs of 5-yr.-old trucks, all purchased in 1976, see Sec. C. For real-time 1980 costs of trucks 1-5 yrs. old in 1980 (bought in 1976, '77, '78, '89 and 1980) see Sec. D.

## Section C. COMBINED INFLATIONARY-PRODUCT IMPROVEMENT AND AGE-MILEAGE 'REAL TIME' INCREASES

| Vehicle Usage Year (Veh. Age) | 1st | 2nd | 3rd | 4th | 5th | 5-Year | | Pct. Increase | |
|---|---|---|---|---|---|---|---|---|---|
| Vehicle Cost Year (Estimated) | 1972 | 1973 | 1974 | 1975 | 1976 | Average | ---Total | Yr. 1-4 | Yr. 1-5 |
| Vehicle Purchase Year | 1972 | 1972 | 1972 | 1972 | 1972 | | | | |
| Truck Cents Per Mile Costs | .3649¢ | .4231 | .4863 | .5646 | .5194 | .4717¢ | $35378 | 54.7% | |
| Tractor-Trailer ¢ Pr. Mi. | .2321 | .2714 | .3807 | .3667 | .4201 | .3343¢ | $167150 | | 80.9% |
| *Cost & Purchase Years | 1976-1980 (see breakout below) | | | | | | | | |
| Tractor-Trailer ¢ Pr. Mi. | | | | | | | | | |
| Vehicle Cost Year (Projected) | 1980 | 1981 | 1982 | 1983 | 1984 | | | | |
| Vehicle Purchase Year | 1980 | 1980 | 1980 | 1980 | 1980 | | | | |
| Truck Cost Per Mile | .9952¢ | $1.1567 | 1.2762 | 1.5958 | 1.6063 | $1.3260 | $99453 | +60.3% | |
| Tractor-Trailer ¢ Pr. Mile | .6469¢ | .7685 | .9583 | 1.0088 | 1.2592 | .9283¢ | $464170 | | +94.7% |

### *BREAKOUT OF ACTUAL 1976-1980 1ST-YEAR TO 5TH-YEAR REAL TIME OPERATING COSTS
(For a fleet of vehicles all of which were purchased in 1976 and run through 1980, similar conditions)

| TRUCK @ 15,000 Miles A Year | | | | | | | | TRACTOR-TRAILER @ 100,000 Miles A Year | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1st | 2nd | 3rd | 4th | 5th | 5-Year | Vehicle Use Year (Age) | 1st | 2nd | 3rd | 4th | 5th | 5-Year |
| 1976 | 1977 | 1978 | 1979 | 1980 | Average | Vehicle Cost Year | 1976 | 1977 | 1978 | 1979 | 1980 | Average |
| 1976 | 1976 | 1976 | 1976 | 1976 | Cost | Vehicle Purch. Yr. | 1976 | 1976 | 1976 | 1976 | 1976 | |
| .1355¢ | .1355 | .1355 | .1355 | .1355 | .1355 | Depreciation | .0847¢ | .0847 | .0847 | .0847 | .0847 | .0847 |
| .0402 | .0412 | .0456 | .0573 | .0682 | .0505 | Interest | .0282 | .0289 | .0320 | .0401 | .0478 | .0354 |
| .0068 | .0069 | .0111 | .0122 | .0131 | .0100 | Licenses, Taxes | .0121 | .0123 | .0140 | .0144 | .0148 | .0135 |
| .0720 | .0905 | .1137 | .1277 | .1479 | .1104 | Insurance | .0238 | .0382 | .0493 | .0619 | .0707 | .0488 |
| .0560 | .0596 | .0642 | .0697 | .0747 | .0648 | Garaging | .0056 | .0060 | .0064 | .0069 | .0074 | .0065 |
| .0703 | .0776 | .0847 | .0925 | .0968 | .0844 | Administrative | .0219 | .0242 | .0265 | .0286 | .0299 | .0262 |
| .3808 | .4113 | .4548 | .4949 | .5362 | .4556 | Fixed Cost Sub-Total | .1763¢ | .1943 | .2129 | .2366 | .2553 | .2151 |
| .0291 | .0680 | .0592 | .1602 | .0646 | .0762 | Maintenance | .0245¢ | .0478 | .1137 | .1018 | .1550 | .0886 |
| .0109 | .0120 | .0276 | .0144 | .0156 | .0161 | Washes, Repainting | .0034 | .0037 | .0075 | .0042 | .0045 | .0047 |
| .0106 | .0226 | .0240 | .0262 | .0297 | .0226 | Tires, Tubes | .0173 | .0326 | .0345 | .0373 | .0412 | .0326 |
| .0057 | .0068 | .0073 | .0088 | .0106 | .0078 | Grease, Oil | .0044 | .0053 | .0057 | .0070 | .0084 | .0062 |
| .1132 | .1189 | .1328 | .1779 | .2315 | .1549 | Fuel | .1289 | .1378 | .1513 | .1664 | .2262 | .1621 |
| .1695 | .2283 | .2509 | .3875 | .3520 | .2776 | Variable Cost Sub-Total | .1785 | .2272 | .3127 | .3167 | .4353 | .2942 |
| | | | | | | FIXED & VARIABLE TOTAL | | | | | | |
| .5503 | .6396 | .7057 | .8824 | .8882 | .7332 | Cents Per Mile | .3548 | .4215 | .5256 | .5533 | .6906 | .5093 |
| $8255 | $9594 | $10585 | $13236 | $13323 | $10998 | Dollars Per Year | $35480 | $42150 | $52560 | $55330 | $69060 | $50930 |
| | | | | | $54,990 | 5-Year Dollar Total | | | | | | $254650 |

NOTE: Figures in the 'breakout' in this Section (C) reflect 'real time' costs in each category, and in the over-all totals as well, for fleets purchased in 1976 and run through 1980. Note that depreciation (at 8.47) on T-T, for example) for all years reflects 1976 purchase price in Section A. but the 4.78¢ interest in 1980 here differs from both the 1976 and 1980 figures there, since 'real time' costs here reflect interest at 1980 rates but on the amount required to buy the units in 1976.

## Section D. COST OF FLEETS OF TYPICAL UNITS OF 1 TO 5 YEARS OLD IN 1980
(assuming equal number of vehicles 1, 2, 3, 4, and 5 years of age in given year)

| Vehicle Usage Year (Veh. Age) | 1st | 2nd | 3rd | 4th | 5th | 5-Year Average - Total | | Pct. Increase Yr. 1-4 | Yr. 1-5 |
|---|---|---|---|---|---|---|---|---|---|
| Vehicle Cost Year (Estimated) | 1976 | 1976 | 1976 | 1976 | 1976 | | | | |
| Vehicle Purchase Year | 1976 | 1975 | 1974 | 1973 | 1972 | | | | |
| Cents Per Mile | .5503¢ | .5815 | .5778 | .6034 | .5194 | .5665¢ | | | |
| Annual $ Cost @ 15M MPY | $8255 | $8723 | $8667 | $9051 | $7791 | $8498 | $42,486 | 9.6% | |
| Tractor-Trailer ¢ Pr. Mi. | .3548¢ | .3875 | .4302 | .3919 | .4201 | .3970¢ | | | |
| Anl. $ Cost @ 100M MPY | $35480 | $38750 | $43020 | $39190 | $42010 | $39700 | $108,500 | | 18.4% |

## *BREAKOUTS OF ACTUAL COST IN 1980 FOR VEHICLE FLEETS 1-5 YEARS OLD
(assuming equal number of vehicles were 1, 2, 3, 4 and 5 years old in 1980)

VAN @ 15,000 Miles A Year

| 1st 1980 | 2nd 1980 | 3rd 1980 | 4th 1980 | 5th 1980 | 5-Yr. Average Cost |
|---|---|---|---|---|---|
| 1980 | 1979 | 1978 | 1977 | 1976 | |
| .2292 | .1959 | .1793 | .1518 | .1355 | .1783 |
| .1165 | .0986 | .0904 | .0764 | .0682 | .0900 |
| .0131 | .0131 | .0131 | .0131 | .0131 | .0131 |
| .1479 | .1479 | .1479 | .1479 | .1479 | .1479 |
| .0747 | .0747 | .0747 | .0747 | .0747 | .0747 |
| .0968 | .0968 | .0968 | .0968 | .0968 | .0968 |
| .6786 | .6270 | .6022 | .5607 | .5362 | .6008 |
| .0437 | .0929 | .0712 | .1771 | .0646 | .0899 |
| .0156 | .0156 | .0325 | .0156 | .0156 | .0190 |
| .0152 | .0297 | .0297 | .0297 | .0297 | .0268 |
| .0106 | .0106 | .0106 | .0106 | .0106 | .0106 |
| .2315 | .2315 | .2315 | .2315 | .2315 | .2315 |
| .3166 | .3803 | .3755 | .4646 | .3520 | .3778 |
| .9952 | 1.0073 | .9777 | $1.0253 | .8882 | .9786¢ |
| | | | | | $14,679 |
| | | | | | $73,395 |

TRACTOR-TRAILER @ 100,000 Miles A Year

| Vehicle Use Year (Age) | 1st 1980 | 2nd 1980 | 3rd 1980 | 4th 1980 | 5th 1980 | 5-Year Average |
|---|---|---|---|---|---|---|
| Vehicle Cost Year | 1980 | 1979 | 1978 | 1977 | 1976 | |
| Vehicle Purchase Year | 1980 | 1979 | 1978 | 1977 | 1976 | Cost |
| Depreciation | .1437 | .1273 | .1129 | .0922 | .0847 | .1122 |
| Interest | .0800 | .0724 | .0640 | .0519 | .0478 | .0632 |
| Licenses, Taxes | .0148 | .0148 | .0148 | .0148 | .0148 | .0148 |
| Insurance | .0707 | .0707 | .0707 | .0707 | .0707 | .0707 |
| Garaging | .0074 | .0074 | .0074 | .0074 | .0074 | .0074 |
| Administrative | .0299 | .0299 | .0299 | .0299 | .0299 | .0299 |
| Fixed Cost Sub Total | .3465 | .3225 | .2997 | .2669 | .2553 | .2982 |
| Maintenance | .0377 | .0643 | .1344 | .1101 | .1550 | .1003 |
| Washes, Repainting | .0045 | .0045 | .0088 | .0045 | .0045 | .0054 |
| Tires, Tubes | .0235 | .0412 | .0412 | .0412 | .0412 | .0377 |
| Grease, Oil | .0084 | .0084 | .0084 | .0084 | .0084 | .0084 |
| Fuel | .2262 | .2262 | .2262 | .2262 | .2262 | .2262 |
| Variable Costs Sub Total | .3004 | .3447 | .4190 | .3905 | .4353 | .3780 |
| FIXED & VARIABLE TOTAL Costs Per Mile | .6460 | .6672 | .7187 | .6574 | .6906 | .6762¢ |
| Dollars Per Year | | | | | | $67,620 |
| 5-Year Dollar Total | | | | | | $338,100 |

NOTE: Results in this Section (D) reflect 1980 costs of a fleet of an equal number of vehicles, 1, 2, 3, 4 & 5-years old, as opposed to the data in Section C., which represented costs of a fleet of trucks all bought in 1976 and run until 1980 so that in 1979 they were all five years old. Section C. shows how five years of inflation and use can increase the cost of running a truck from its first to its fifth year by 95 per cent, while this Section (D) illustrates how inflation can mask age-mileage increases in a fleet that normally replaces only a part of its units each year. In this Section the 1st-to-5th use-year rise (5th year costs for an old truck in 1980 vs. 1st year costs for a more expensive new one) is just 7 per cent for a TT.

NOTES TO VEHICLES AND OTHER DATA USED FOR HERTZ TRUCK COST STUDIES

Vehicles Used: 1980 Ford F-600 23100 lb. GVW 330 HD (137 hp) V8 engine, 5-speed transmission, standard body, normal Hertz-specified options with typical painting, plus delivery, makeready and local taxes @ 5.1 per cent. List price $23,368. Assumed purchase price $19,029.

Depreciation: Based on 5 year use, assumed 10 per cent trade-in, re-sale or salvage value. (Purchase price without tax used as depreciation base.)

Interest includes amounts paid and "lost" on purchase price, assuming 20 per cent down payment, 80 per cent financed over vehicle use life at 14.74% paid. 9.75% lost interest, 1980. (For '79, 12.83% paid, 8% lost; for '78 10.18% paid, 7% lost; '77, 9.5% paid, 6% lost; '76, 9% paid, 5% lost. '75 same. Prior='74, 10, 6; '73, 9, 5; '72, 8, 4½; '71, 7½, 4¼.

Insurance: Based on 50-mile radius, average wholesale/retail rates for non-hazardous loads -- $750 deductible comprehensive, $250m/$500m/$50m liability.

Fuel: Gasoline. Efficiency 5.3 mpg. Price per gal. '80 $1.227; '79, 94.3¢; '78, 70.4¢; '77, 63¢; '76, 60¢; '75, 57½¢; '73, 36.6¢; '72, 32.1¢; '71, 30.9¢. (Regular Fuel)

Tractor-Trailer Combination

Vehicles Used: Tractor. Ford CLT 9000, F350 (350 hp) engine. RT 12509 (13 spd.) transmission, CGW 80,000 lbs. Total includes manufacturer and Hertz specified options and additional equipment, painting, delivery and makeready, plus local taxes. List: $78,577 Assumed purchase price $66,554 Trailer: 40 X 12½ foot smooth skin, sliding twin axle, 1 3/8 in. plywood floor, normal Hertz specified options, MR, painting, delivery, list price including taxes, $21,925 Assumed purchase price $20,535. *Combination tractor-trailer list, $100,502 purchase price $87,089.

Depreciation: Tractor based on 10 per cent of salvage, assumed 5-year use
Trailer based on 10 per cent salvage, assumed 8-year use.
(Depreciation based on purchase price less sales tax.)

Licenses & Taxes: This category excludes fuel taxes (which are in fuel cost totals), local and sales taxes (included in purchase price).

Interest: Rates and assumptions same as for van.

Insurance: $1000 deductible comprehensive, $250m/500m/50m liability, 300-mile radius non-hazardous loads.

Fuel: Diesel. Efficiency 5 mpg. 1980 pr. gal. price $1.121; '79 83.2¢; '78 60.5¢; '77 55.1¢; '76 51.5¢; '75 31.8¢; '74 49¢; '73 31.8¢; '72 29.2¢; '71 27.8¢.

Van: Ford E-350 with Chateau Super Club package. Passenger car depreciation formula used. Interest rates as above. Special commercial insurance package assumed. Fuel efficiency: 8 MPG, regular leaded gasoline. List price:$14,331 Sale price: $12,182

Table E 1980 TYPICAL ECONOLINE VANS, COSTS COMPARED WITH LARGE PASSENGER CAR STATION WAGON AND COMPACT MODELS

| Expense Item | Chateau Club Coach Van (E-350) | | | E-100 | Passenger Car | Passenger Car |
|---|---|---|---|---|---|---|
| | 1980 | 1979 | 1978 | 1980 | Station Wagon --1980-- | 4-door Compact |
| Number of Passengers | 15 | 15 | 15 | 12 (Cargo Van) | 6 | 4 |
| List Price | $14,331 | $12,594 | $11,043 | $9,688 | $8,746 | $6,464 |
| Purchase Price* | $12,182 | $11,516 | $10,427 | $8,234 | $7,721 | $6,454 |
| Years Use @ ** 13,270 Miles A Yr. | 4 7½ | 4 | 4 | 4 | 4 | 4 |
| Fixed Expenses (¢ Pr. Mile Depreciation) | .1882¢ .1126¢ | .1611¢ | .1501¢ | .1015¢ | .1193 | .0997 |
| Lic., Fees & Insurance | .1022 .0926 | .0862 | .0763 | .0758 | .0741 | .0613 |
| Interest | .0864 .0594 | .0631 | .0573 | .0584 | .0533 | .0434 |
| Fixed Sub-total | .3767 .2646 | .3104 | .2837 | .2357 | .2467 | .2044 |
| Variable Expenses | | | | | | |
| Maintenance | .0480 .0566 | .0415 | .0311 | .0448 | .0338 | .0252 |
| Fuel & Other Service Station Charges | .1896 .1932 | .1523 | .1001 | .1563 | .1077 | .0805 |
| Variable Sub-total | .2376 .2499 | .1938 | .1312 | .2011 | .1416 | .1057 |
| TOTAL FIXED & VARIABLE CHARGES ¢ Per Mile | .6143¢ .5144 | .5042 | .4149 | .4368 | .3883 | .3101 |
| Cost Per Occupants--¢ Pr. Mi. | .0410 .0343 | .0336 | .0277 | | .0647 | .0775 |

*Prices assume typical discounts and average sales taxes. Estimates for vans are based on internal Hertz Truck Division data for cargo vans, for the window vans, with adjustments made to make data conform to typical passenger car operation for passenger-carrying "pool" vehicles. Passenger car (wagon and sedan) charges are based on internal Hertz Car Leasing Division data. ** Mileage and use period assumptions are based on typical long-distance "pool" commutation, the most feasible for pools. Interest costs based on 1/3rd down-payment, two-thirds financing.